(c) The said committee has *inter alia* recommended to exempt all kind of aids and appliances meant for person with disabilities from the purview of customs and excise duties. In regards to existing exemptions/ concessions, the Committee has recommended periodical review and has suggested certain changes in procedures and conditions for availing these concessions. As regards reduction in duty burden on goods for disabled person, no comments can be furnished at this stage in view of the ensuing budget.

Structural Adjustment Loans

686. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have decided to impose stricter guidelines on the State Governments seeking structural adjustment loans from multilateral institutions;

(b) if so, the details of guidelines proposed to be imposed on the State Governments; and

(c) the measures Government propose to take to reduce the fiscal deficit of the States to less than three per cent of States' domestic product?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Government of India have issued guidelines to ensure certain common criteria as a prerequisite for assessing Structural Adjustment Loans (SAL) from multilateral institutions, by different States. The guidelines are given in the enclosed Statement (*See* below).

(c) The State Governments have to propose their structural adjustment strategy to achieve these fiscal goals as part of their structural adjustment programme consistent with the States' Medium Term Fiscal Reforms Programme (MTFRP) to be drawn up pursuant to the guidelines issued by the Ministry of Finance, Government of India within the States' Fiscal Reforms Facility (2000-05).

Statement

Structural Adjustment Assistance Facilities Guidelines

Some State Governments have been keen on accepting multilateral institutional funding to assist in undertaking fiscal and structural reforms. The key focus of the reforms is to bring fiscal deficit to a sustainable level and elimination of revenue and primary deficits. Since, in the past, there has been no uniformity in the Structural Adjustment Loans (SAL) being taken up by the different States with multilateral institutions like the World Bank, ADB etc., the institutions are being advised to ensure certain common criteria as a pre-requisite for accessing these facilities:

(i) Putting in place a programme to undertake Structural Adjustment Programme for sustainable poverty reduction, and aimed at generating primary and revenue surplus and limiting consolidated fiscal deficit to less than 3% GSDP over a medium term (3-5 years).

(ii) Programme for elimination of subsidies and a sustainable programme for power sector subsidy elimination or containment.

(iii) Civil services reforms including reduction in administrative costs of governance.

(iv) Public Sector Enterprises reforms including disinvestments.

In view of the need to continue with sector intervention strategies, particularly in the context of the Millennium Development Goals, not more than 20-30% of the annual commitments from World Bank/ADB would be taken up in the form of SAL. An overall focus on poverty reduction and sector specific parameters (infrastructure, education etc.) which are ingredients of MDGs should also be reflected in the action programme of the SAL. The SAL should not be used for meeting revenue deficits.

The SAL would be based on a fully developed multi-year programme and negotiated as one single programme with multi-trache releases linked to achievement of specific reform milestones agreed upon. The multi-year programme would be fully laid out in the Bank's project documents, while the legal agreements for allocation of funds may be processed separately for different tranches.

Requests of State Governments for availing of this facility with clear monitorable indication for the above programme would be then discussed by GOI with the World Bank and the State concerned. Appraisal and negotiation stages would follow, depending on the States' commitments to the FRF facilities.

Once the loan is put through and is under implementation, where the adjustment programme of the State has fallen behind by six months or is likely to be pursued further, the adjustment programme could be called off and the remaining undisbursed assistance cancelled.

World Bank assistance to A.P.

687. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have received any proposal from the Government of Andhra Pradesh for World Bank's assistance for its Structural Adjustment Scheme;

(b) if so, the details thereof;

(c) whether the proposal had been recommended for consideration of the World Bank;

(d) if so, the response of the World Bank; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes Sir. Govt. of Andhra Pradesh has requested Government of India to take loan from the World Bank for its Structural Adjustment Programme.

(c) to (e) Andhra Pradesh's proposal has been posed to the World Bank. The programme is under preparation. First Mission from the World Bank is visiting Andhra Pradesh from 24th February to 7th March, 2003 for holding preliminary discussions with the State Government.

Loans for unemployed graduates in H.P.

688. SHRI ANIL SHARMA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state: